App. F. IX-4

1932.3

File No. 44-32

Previous References (J. 0. f)

Serial Nos. 1/40

Later References

S.O.F.25-33 (

J.O.f 44-32 (11,12)

GENERAL AND REVENUE SECRETARIAT

1. 5-34 (1-2)

D.K.Y. 14-35 (1,3)

6-39-6-8

Serial Nos.

Part B for August 1933

SUBJECT.

P.- Arrangements for the
Visit of Mysore Ruler to Kanara.

General and Revenue Secretariat

File No. of 193 .

Serial No.

Proceedings of the meeting of the Board held on 29th July 1932.

% Distillation in Kenya.

The Board after carefully considering the position in the Wood market explained by the Director, resolved that enquiries be made whether distillation of our wood in Kenya was possible and - all things considered - would be in our interests.

NOTE—Contn. Sheet.

WD 70—GBPM—60,000.—13-8-31.

General and Revenue Secretariat | File No. | of 193 | App. F. III—2j (2

Tels.—"INDUSCOM"

921/918 DEWAN'S OFFICE 947 10 AUG. 1932

GOVERNMENT OF MYSORE.

Codes used—A.B.C., 5th Edn., Bentleys.

D. 547

Department of Industries and Commerce.

Mr. N. RAMA RAO, B.A., B.L.,
Director.

D. O. No. 691

OFFICE OF THE DIRECTOR,

Bangalore, dated 6th Aug *1932.*

8.8.32

D

Dear Rao Srinivasa Gangur,

I enclose herewith a note prepared by me on the Proposal to distil Sandalwood Oil at Kanara for favour of being submitted to the First Member.

Yours Sincerely,
N Rama Rao

D
8.8.

(2) we have secured control over the Kuppam factory the only other organised factory for distillation of oil in India is that at Kanara which is by far the most important market for our oil in India. We therefore considered it seems advisable to make use of this factory also for 2 or 3 years to safeguard our interests in regard to Indian Sales. Except for small stills on the Western Coast, which mostly use smuggled Wood, there would be no Competing oil in India if we use this factory also. The proposition put forward by the Dir is, therefore, worth consideration. The views of the Sandalwood Board on the proposal may be obtained — these papers may be sent to Dewan

9.8.32

(3) I do not see any reason to differ from the views of the Director. S.O. Board before arranging a conference, forming an opinion in regard to the proposal.

MG
10-8-32

I Ex.)

D
8.8.

Dewan)

D
9.8.32
9/8/32

NOTE—Contn. Sheet.

WD 02553—G PB—50,000—8-7 30

547.

3.

File No. of 193 | General and Revenue Secretariat

As directed above, this will be brought up at the next meeting of the S.O. Board. (The Dir. will be asked to arrange a meeting at an early date.) DS 11.8.

I St. Asstt. 5 A. Yes. 11/8/32 12.8

b. Forwarded, U.O. for favour of note and return. DS 12.8.32

Dir. S.O.T. 18.8.32

7 Returned with thanks. A meeting has been fixed for 23.8.32, 3.30 PM

Dep. Sec. 17.8.32

19.8.

OFFICE OF THE FIRST MEMBER, EXECUTIVE COUNCIL 12 AUG. 1932 No. 1075

U.O. No. 15 of 32-33 13-8-32

9 8 32

D (8.8.)

8. The question about the distillation of Sandalwood in Kanauj was considered by the Provincial Board at its meeting on 23-8-1932 and the proceedings of the meeting are extracted below:-

3. Note on the distillation of Sandalwood in Kanauj.

A note prepared by the Director, marshalling the advantages and disadvantages of coming to an arrangement with Messrs. Mathura Prasad Suraj Prasad of Kanauj whereby their factory could be secured for a number of years for the exclusive distillation of Mysore Sandalwood, had been circulated beforehand. Further to this note, the Director stated that much harm had already been done

to our business owing to Mr. Mathura Prasad's distillery having been pressed into service by Messrs. Gordhandas Tokersay in their attempt to undersell us in Kanauj. We had been compelled to reduce prices by over Re 1/- per lb. to meet this competition, and with all that we had lost business to the extent of at least 7000 pounds. If we did not attach this Factory to our own service, it would be a continual source of danger to us, since any speculator who happened to come in possession of wood might use the Factory for demoralising the Kanauj market which was the most important one in India.

Dr. Watson raised the question relating to income tax. After some discussion, it was resolved that the liability to income tax was not by itself important enough to affect the main issue raised by the Director, namely, the advisability of distillation at Kanauj. It was, however, thought that the question of income tax required further examination, and it was resolved that it might be referred to the Income Tax Commissioner for opinion; that officer being furnished with all relevant figures relating to cost of production of Sandalwood Oil.

The proposals in the note were discussed at great length and in the result it was resolved by a majority of 4 votes to 2 that arrangements might be fixed up under the most favourable terms possible for the distillation of Mysore Sandalwood at Kanauj - regard being had to the following essential conditions:-

(1) Term of contract - 3 years.

(2) The Sandal Oil Factory to have the exclusive use of the distillery at Kanauj, and the proprietor of the distillery to bind himself not to handle any other wood but ours.

(3) Supervision of distillation and the entire control of stocks, stores and sales to rest with the representative of the Sandalwood Oil Factory.

(The members in favour were the Chairman, Dr. Watson, the Development Secretary and the Director, Sandalwood Oil Factory. Those against:- The Financial Secretary and the Chief Conservator of Forests).

5/

Distillation of Sandalwood at Kanam

General and Revenue Secretariat

File No. of 193

9 Proceedings of the S.D. Board meeting on 23rd August 1932 regarding arrangements for distillation of S. wood at Kanam are sent for perusal with reference to Dewans minute of page 2 ante. 1.9.32.

OFFICE OF THE FIRST MEMBER OF COUNCIL 2 SEPT. 1932 No. 1569

I. (Mr.) Dewan

1.9.32

10 There is a proposal to authorise the C.C.T. to consult the Madras Forest Dept as to whether it is agreeable to any arrangement aiming at improving the price of both Sandal Wood and Sandal oil. If any such understanding is possible it will have a bearing on the suggestion discussed in this file. The next Madras Sandal Wood sales will be in Dec. and there is time to resume the consideration of this proposal if an agreement with Madras is found possible.

Mem. 1.9.32

4 Jm 12-9-32

12 Dir will be informed accordingly. Sd

DEWAN'S OFFICE 1660 12 SEP. 1932

I. (Mr.) 15-9-32

13) I understand that there is an attempt at starting in India distillation of West Australian Wood. Necessary to consider the above proposal in connection with the attitude of Madras. The Dir will make a further report shortly.

Mem 15.9.32

OFFICE OF THE FIRST MEMBER OF COUNCIL 15 SEPT. 1932 No. 1813

16.9.32

16.9.32

Serial No.

14

Vide book of D. 843 A.

File · returned to by the Secy (D. 5447) & linked hereto (vide para 10 of the note on last file). 10.21.9.32.

File SEP 1932 No. 1099

Mr. 22.9.32

Secretary

D 23.9.32

(Mr. I.)

25.9.32

1st

A | Has not the CCy been authorised to discuss with the Madras Govt the q: of coming to an understanding re sales of Sandal from Coorg with Madras Govt? This was one of the proposals of the Sandal Cttee and I have a recollection that it was separately received & sent to Secretariat. Please ascertain if the connected papers are in the Govt Secretariat of the CCy has been addressed — early

24.9.32

Mr. 24.9.32

D 27.9.32

(Mr. I.)

27.9.32

18

Secy. Thanks

Mr. 28.9.32

Subdt

1b. 1 which (A) was issued from the Secrett. please attend to the matter at once.

D 26/9

17

The required bill is now separately linked (D)

Mr. 26.9.32

D 26/9

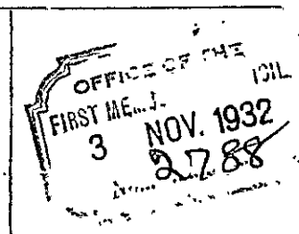
(Mr. I.)

Note—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31.

2061

File No. of 193 . | General and Revenue Secretariat



1) The Dir. S. & F. has sent a reference requesting early orders on his proposals to enter into an agreement with Messrs Madhumprasad regarding the distillation of spare wood at Karanj. The Member has observed that this question cannot be settled so quickly, and the question is held up pending discussion of the subject of disposal of produce and Camp wood by the Chief Conservator with the officers of the Madras Govt.

Submitted orders.

Bib. 3.11.32.

D
3.11.32

I. M.)

2) The CCF has gone to Madras to discuss this question with the officers of the Madras Forest Dept and his report may be awaited

D
4.11.

June 3/11/32

3) The C.C.F. has returned from Madras. He may be reminded about the report due from him.

7 NOV. 1932

Draft Reminder sent
18.7.32

7.11.32

5/7/32

843A

General and Revenue Secretariat | File No. | of 193 | [App. F. III—2

Serial No.

24 The Chief Conservator of Forests has since reported that the interviews the Officers of the Madras Forest Department and that he is expecting a reply from the Madras Chief Conservator. If agreed, his further report will be awaited.

D.1694

Fs B file
20-11-32

RCB. 8.11.32.

Y.G. Mss 8/11/32

Dev Ref

25 The Chief Conservator of Forests has since reported that the Officers of the Madras Forest Department are not prepared to accept his proposals for a compromise, and is of the opinion "that" time is nothing else, but to start an aggressive policy of competition.

GEN. & REV. SECRETARIAT 1932 DEVELOPMENT BRANCH

D.4970-32

26 The proposal of the reporting arrangements for distillation of S. oil at Kanauj is for orders now. (Vide pp. 3-4 for the opinion of the Sandal oil Board).

RCB. 25.11.32

27 Perhaps the D. of F. may be asked to bring up his subject again after the Sandal oil Board for consideration.

Mss 25/11/32

Dev Ref)

28 NOV. 1932 No. 3401

Chf. 26.11.32 Mss 28/11/32

NOTE—Contn. Sheet.

Secd Member.

28/11

29/11

W.C. to Mss 30/11/32

WD 70—GBPM—60,000—13-8-31.

9

File No. of 193 . | General and Revenue Secretariat

29 Forwarded, with compliments, to the Director, S. D. F. for favour of note and immediate return.

Rao Bahadur M. Ramchendra
for Secretary to Govt.
Rev. Dept.

30/11/32

2304 / 3.12.32

20 Noted, and returned with compliments

K. Rama Rao
2/12/32 Dep. Secy.

3.12.32

31 The question about Distillation of Sandalwood in Kanara was discussed at the meeting of the S.D. Board on 3.12.32 and "The Board resolved that in view of the failure of negotiations with Madras, it was necessary that the previous resolution of the Board* should be implemented, without delay".

Submitted for orders with reference to

Lr. 10.12.32

KD 32 The point for decision is if the Director of Mysore authorised to open negotiations with the Kanara Traders

Keep 47 D 30-11-32 with S.F. file No 20-31 B1/14

pp. 3-4 of the notes. also pp. 6-7.

D.2272

D.1978.32

Serial No.

The terms & conditions of the proposed agreement as approved by the S.O. Board are given in Director's letter dy 2.9.32 (flagged U)

Mcy
Devlee) 10/12/32

33 The Director may be authorised to negotiate.

3856
17/12

Second member.

Mcy 12.12.32

Mcy 17/12/32

34 I agree. The ~~final~~ result may be reported to Govt for their final sanction

S/102
19/12

Mcy 17/12/32

35 Draft. Submitted

16.20.12.32 36 A draft letter authorising Dr Cooper negotiations & reporting result for Govt's final sanction is put up. We may perhaps issue after perusal by Dewan also.

Mcy
Devlee) 20.12.32

Dewan.

37 The letter may issue and a report on the subject may be submitted with.

Mcy 20/12/32

Mcy 20/12/32

21/12/32

38 Issue letter as drafted.

Mcy 22/12/32

REVENUE SECTT. 1932 ENG 22 DEC 32 NOTE—Contn. Sheet.

WD 70—GBPM—60,000—13-8-31

11

1390

S.D.7 File No. 44 of 1932. | General and Revenue Secretariat

Letter no. 19. 2858 & 22.12.32 to the addl. 4
S.D.7. authorising him to open negotiations
with messrs. Madhuraprasad and to bring up
the most favourable terms subject to which
they might be entrusted with the dis-
tillation business in Kanauj.

39 Submd with a D.F. N.

KB. 23.12.32.

to Mem put a clean typed
draft as advised

Mm
29.12.32

to Typed DF N. Submd.

KB. 3.1.33.

wch approved

Mm
4.1.33

Secd Member)

Office of the Second Member of Council. 4 JAN. No. 4-3-24

to Final note signed by
the Member is placed below.

KB
5/1/33.

to Work a DFn

Mm
6.1.33

Dewan)

to Mm 7/1/33

DEWAN'S OFFICE 3999 7 JAN. 1933

Final Note by the Second Member of Council.

12

Subject:—

Arrangements for the distillation of Mysore Sandalwood in Kanauj.

---

46 In view of the unsatisfactory position of sandal oil sales in India as a result of unhealthy rivalry on the part of the distillers at Kanauj, the Director of Sandal Oil Factory submitted certain proposals in August 1932 for coming to an understanding with the leading distillers of the oil there, on lines similar to those of the agreement which Government have entered into with the Kuppam Distiller The Officiating Dewan, as First Member of Council then minuted as follows on the Director's proposals:-

Page 2 of Min'ee Notes

47 "We have secured control over the Kuppam Factory. The only other organised factory for distillation of oil in India is that at Kanauj which is by far the most important market for our oil in India. All things considered, it seems advisable to make use of this Factory also for two or three years to safeguard our interest in regard to Indian sales. Except for small stills on the Wester Coast which mostly use smuggled wood, there would be no competing oil in India if we use this factory also. The proposition put for ward by the Director is therefore worth consideration. The views of the Sandal Oil Board on the proposal may be obtained."

48 The proposals of the Director were accordingly remitted to th Sandal Oil Board for examination and that Board at its meeting on the 23rd August 1932 resolved that an arrangement might be entered into on the most favourable terms possible for the distillation of Mysore Sand

Sandal wood at Kanauj, regard being had to the following essential conditions:-

(i) Period of contract to be three years.

(ii) The Sandal Oil Factory to have the exclusive use of the distillery at Kanauj and the Proprietor of the distillery to bind himself not to handle any other wood but ours.

(iii) Supervision of distillation and the entire control of stocks, stores and sales to rest with the representative of the Sandal Oil Factory.

49 In the meanwhile, the Chief Conservator of Forests in Mysore was authorised to meet the officers of the Madras Forest Department with a view to ascertain if an arrangement could be come to by means of which the price of sandal oil and sandal-wood could both be improve The Chief Conservator of Forests reported that his efforts in this direction proved infructuous.

50 The question of distillation at Kanauj was again examined by the Sandal Oil Board on 3rd December 1932 and it was resolved that, in view of the failure of negotiations with Madras, it was necessary that the previous resolution of the Board should be implemented without delay.

B 51 Page 10 Offic Notes The Director has accordingly been informed, with the concurrence of the Officiating Dewan, that Government approve of his proposal for entering into an agreement with Messrs. Mathuraprasad Suraj Prasad of Kanauj for the exclusive distillation of Mysore Sandalwood in their distillation plant at Kanauj and he has been authorised to open negotiations with the firm and to fix up the most favourable term subject to which they might be entrusted with the distillation of

of Mysore wood.

52

The papers are submitted for the gracious perusal of His Highness.

MEMBER OF COUNCIL.

Bangalore,
5th January 1933.

Submitted to His Highness. 15

53 *I submit herewith a Final Note by the* Second *Member of Council on the subject of* the arrangements proposed to be made for the distillation of Mysore Sandalwood in Kanauj

for *His Highness' gracious* ~~approval.~~ perusal.

Bangalore,
7th January 1932.

M N Venkatarama Rau
Offg. *Dewan.*

Record of Cases submitted for the Orders of

His Highness the Maharaja.

16

54

Subject.

Arrangements for the distillation of Mysore Sandalwood in Kanauj..

55 352

Order.

KRW

9/1/33

MWE
10/1/33

H.A.349

17

General and Revenue Secretariat.

Arrangements for the distillation of Mysore Sandalwood in Kanauj.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

*

R Ranganatha

Chief Secretary to Government.

Through the Secretary to Government,

..... Department.

11.1.33.

FIRST MEMBER OF COUNCIL.

SECOND MEMBER OF COUNCIL.

NOTE.—Contn. sheet

Serial No.

5 Letter no. 2660 dated 7th January 1933 from the Dir. S.O.F. submitting proposals for getting mysore sandalwood distilled at Kanauj in the factory of Messrs Madhuna Prasad Sewajprasad.

57 The proposal of the Dir. is to depute a chemist of the S.O.F. for work at Kanauj and to give him a duty allowance of Rs. 100/-, and other incidental expenditure is for orders. The Secy has to be consulted.

58 Messrs Madhuna Prasad are prepared to let govt. have for Rs. 340/- for distilling a lot of sandalwood. Messrs Parkes are allowing a fee of $ 80/- per lot for distilling woods in New York. The fee proposed to be paid to Messrs Madhuna Prasad is for appl.

9 2000 lbs

Orders of H.E. at page 15

59 Submitted for perusal and orders.

28.11.1.33 (The arrangement is proposed to be made from 1st February).

60 The Director's proposals are for a distn. of [illegible] at Kanauj distillery established for distilling mysore wood, when the consequential arrangements proposed (for Director about placing an officer there to date quarters in Factory

NOTE—Contn. Sheet.

interest were necessary and has to be sanctioned

b/ One point for consideration is whether the rate of Rs 340 fixed as the price to be paid for distilling one ton of wood is not excessive. We can paying in American distilleries 80 dollars per ton 2000 lbs which works 89.6 dollars per ton of 2240 lbs. This will be equivalent to Rs 356 at the present rate of Exchange. Having regard to cheaper labour etc in the Country the rate seems to be somewhat excessive.

c/ Next also for consideration if it is necessary to commit ourselves to a 3-year agreement at once whether the period may not be one year, to continue from year to year for 3 years if the arrangement is found of mutual advantage. If this is not possible the agreement should be subject to being determined at 3 or 6 months notice on either side.

d/ Mr Dowdi says the new arrangement will have to be put into force from 1st Feby 1933.

12.1.33

Dev Lee)

e/ The terms have been approved by the

Serial No.

Second Member before being discussed and proposals may be approved.

Office of the Second Member of Council
20 JAN
No. [illegible]

To Second Member. 12.1.33

Mr 12.1.33

65 I agree. It was understood that a period of one year would not be agreeable to the Mica party Jor 13/1/33

Ch. 16.1.33.

66 Draft dated Mr 16/1/33

67 Draft as approved

68 D.N. Please put up draft as approved at once 20.1.33

69 Draft as approved for approval Mr 20/1/33

Dev Sec)

70 Ch. 20.1.33.

OFFICE OF THE FIRST MEMBER OF COUNCIL
20 JAN. 1933
No. [illegible]

71 Sec. Member) Mr 20-1-33

Given

72 1 Please issue very early.

73 2 Would the arrangement contemplated Sales by Factory at Ramu and waived the question of excise duty payable & Q & arise? If not does Rom of Tees considered?

Mines 22/1/33

NOTE—Contn. Sheet.

74 Issue at once & forward Mr 23/1/33

Ch. 23.1.33.

WD 70—GBPM—60,000—13-8-31.

21

887 File No. 44 of 193 2 | General and Revenue Secretariat

75
JL- Cent. 1202
Tube Serv. has not been consulted.
Draft Agreement.
23/1/33
76 for perusal
27 JL Secy 28/1/33

77 May be communicated to the Govt of
by this Branch in this case was not necessary
May be examined.
25-1-33

79 Secy
25/1/33
80 Issued

To Dir of Central Railway
Cawnpore & Govt.
No D 3447-81 5.07 44-32-6 b.
dt 28.1.33.
Sanction is accorded certain arrangements
as proposed in connection with the
installation of oil in a factory there
Do no 35-34/ dt 27/1/33 from Dir of Rlys
Returned herewith copy of the
Agreement for further action

Sd/-

2546
339 D.
22

Serial No.

OFFICE OF THE ... Fi ... 14 FEB. 1933 No. 523 L

81 Resubmitted with a draft to the Dir. S.O.F. with refee to the 1st member's query at para 73 supra.

Raffl
Mrs
13-2-33

Dev Secy
First Member.

Genl.
14.2.33.

Mrs
14/2/33

82 Mrs
(3/2/33

Genl.
15-2-33.

83 J Secy
15/2/33

TYPING SECTION 16. FEB. 1933 GEN. & REV. SECTION

7 Letter no. 4009 dated 21st February 1933 from the Dir. S.O.F. requesting to be informed whether in connection with the arrangement for the distillation of Sandalwood at Kanagi, the question of income tax will arise, etc.

8 Letter no. 3584 dated 4th March 1933 from the Dir. suggesting that the opinion of the Govt. Advocate may be obtained in the matter.

84 Subd with refee to Members minute at para 73, page 20. The Dir. may perhaps be asked to obtain the opinion of the G.A. himself and Communicate the result, along with the opinion of the Comm. of Income tax.

Secy. by 2/3/33

The Govt Advocate may be consulted

2/6/3

NOTE—Contn. Sheet.

WD 0246—GIPB—15,000—22-8-32

.3.

87 File No. 44 of 1932 | General and Revenue Secretariat

85 The Govt advocate to be consulted if appd

Mcy
6.3.33

Def 8/3

86 Govt advocate with compliments:

Govt
7.3.33.
Mcy
7.3.33.

FIRST ... N.... 5478

Rep. no. 83
7.3.1933.

Encl: 31 pages of Correspondence
For 8.3.33/32-33

Returned with compliments.

87 As Mysore seems to come within the scope of - Section 3 of the Government Trading Taxation Act (III of 1926) I think the sandal oil business at Kanauj will be liable for Income-Tax.

Rep. Dy 138
32-33
31.3.1933

A. Ramaswami Iyer
Government Advocate.
31.3.1933.

N.

First Member.

88. There is another file Govt 1.4.33. on this subject. The whole problem requires careful consideration. All the material should be collected and the case noted on

Mcy
4/4/33

Govt.
5.4.33.

3390

Serial No.

The subject matter of the two files is the same as the one dealt with in this file and the former file has been ordered to be recorded as requiring no further action. The order seems to hold good in this case also. The papers may therefore be recorded together with the papers in the other file. Instructions are solicited whether this may not be done.

BTS 17/8 KBP

May be filed
MG
18/8/33

= Forwarded please see S07 File 64 of 1932

CW
Please put up
this
17/8/33

Put up:
18-8-33.

NOTE—Contn. Sheet.

WD 0246 —GPB—15,000—22-8-32

TELEGRAMS: "SANDAL," BANGALORE

MR. N. RAMA RAO, B.A., B.L.
DIRECTOR OF SANDALWOOD OIL FACTORY IN MYSORE

GOVERNMENT OF MYSORE

Bangalore, dated the 17th August 1932

OFF. TO FIRST MEMBER OF COUNCIL
22 AUG. 1932
No. 1226

GEN. & RE. SE. D. 673
22 AUG. 1932
DEVELOPMENT BRANCH.

D. O. No. 934

DEVELOPMENT SECRETARIAT
19. AUG. 1932

Dear Sir,

I enclose herewith a note on the distillation of Sandalwood in Kanauj. This would be one of the subjects for discussion ~~that will be discussed~~ at the meeting of the Sandalwood Oil Board proposed to be held on the 23rd instant at 3.30 p.m., in the Chamber of the First Member of Council.

Yours sincerely,

N. Rama Rao

D. Srinivasaiengar Esq., B.A.,
Secretary to Government,
Development Department.

This will be brought up at tomorrow's meeting

22.8.32

22/8/32

Mr.

Mr. 23/8/32 D 23.8.

File Mon 25/8/32

TELEGRAMS: "SANDAL," BANGALORE

MR. N. RAMA RAO, B.A., B.L.
DIRECTOR OF SANDALWOOD OIL FACTORY IN MYSORE

GOVERNMENT OF MYSORE

Bangalore, dated the 29th August 1932.

31

601

GEN. & [illegible] DEPARTMENT

DEVELOPMENT SECRETARIAT
31. AUG. 1932

D. O. No. 1135

Dear Sir,

Brought into file

I am enclosing herewith copy of the proceedings of the Sandalwood Oil Board held on Tuesday the 23rd August 1932, at 3.30. P.M. in the Chamber of the First Member of Council.

Yours sincerely,

N. Rama Rao

D. Srinivasaiengar Esq., B.A.,
Secretary to Government,
Development Department.

Note on the
Proposal to Distil Sandalwood oil at Kanauj

I have referred in my previous notes to the existence of an efficient Sandal Oil distillery in Kanauj which has been utilised by Messrs. Gordhandas Tokersay of Bombay for distilling oil with the Sandalwood purchased by them. This oil is being offered by them at prices much lower than ours, with the result that even our long standing customers have become demoralised and are showing reluctance to take the balance of quantities contracted for by them. The existence of this Factory is a standing menace to our business as it offers a base of operations to any rival who may wish to supplant us in the Kanauj market.

On 29.7.32.

At the last meeting of the Sandal Oil Board, I explained the advisability of eliminating this danger by securing the Factory to our own service by a lease or other similar arrangement for a number of years. I was authorised to investigate the matter and submit the result for consideration.

By a fortunate accident, Mr. Mathuraprasad Surajprasad the proprietor of the Kanauj Factory, happened to be in Bangalore on his way back from Cochin, and I took advantage of this circumstance to ascertain how far and on what terms we could enlist his co-operation. I started conversations with him on 30-7-32 and 3-8-32 very cautiously and after ascertaining that he was not unwilling to come to an understanding with us, I sounded him definitely on the subject of his entering into a contract with us for distilling oil with wood to be supplied by us. He is, at present, distilling Sandalwood for Messrs. Gordhandas Tokersay for a fee of Rs 350/- per ton and he also sells the resulting oil for them for a commission of Rs 40/- ~~per~~ for the oil obtained from a ton. I told him that this was business of a very precarious nature and was sure to break up under pressure of our competition whereas a contract with us would undoubtedly have more permanency. After a good deal of close discussion, he agreed to make an offer for distilling Sandalwood

for us for a fee of Rs 340/- per ton. I have given him clearly to understand that these discussions are entirely without commitment on my part, and that he is now making an offer which is entirely for Government to accept or reject.

The Kanauj Factory is capable of distilling 150 tons of Sandalwood per year. It is quite efficient and the proprietor's son, one Mr. Murlidhar, is a very competent manager with a flair for Chemical Engineering. I have no doubt that the distillation will be very efficiently done.

Taking the total quantity of Sandalwood Oil required for the Kanauj and surrounding markets at about 40,000 lbs, this factory is capable of contributing 18,000 lbs. or a little less than a half. I give below the financial effect of distilling this quantity of oil at Kanauj instead of sending it out from the Mysore Factory:-

<u>If sent from Mysore.</u>

Cost of 120 lbs. of oil (yield from 1 ton of wood).

a) Cost of distillation	...	Rs 360.	
b) Cost of freight.	...	Rs 25	
c) Cost of packing etc.	...	Rs 10	Rs 395.

<u>If distilled at Kanauj.</u>

Cost of 120 lbs. of oil (probable yield from a ton).

a) Distillation fee	...	Rs 340	
b) Freight etc on one ton of wood.		Rs 90	Rs 430

The oil if distilled at Kanauj would cost Rs 35/- more for 120 lbs. or 4.6 annas per lb., which would represent a financial disadvantage of Rs 5175 over the distillation of 18,000 lbs.

The advantages are :-

(1) A constant source of danger, which would grow in menace, with the growing competition from Madras and Coorg wood, would be eliminated.

(2) If the Kanauj Factory was in our competitors' hands, we would almost certainly be compelled to lower/heavily the prices over the

13

whole quantity of about 40,000 lbs. required in Kanauj etc., and we would lose very much more than the excess of cost over 18,000 lbs under the proposed arrangement. We would avoid this loss.

(3) Our business would be much more popular in Kanauj than it is at present, and we would secure the adherence of powerful local interests.

(4) The Factory is just now a centre for adulteration, and we shall be putting an end to this nefarious practice.

(5) We would secure the entire retail trade and supply it direct from bulk without the added cost of packing and containers.

I think that the advantages vastly outweigh ~~and~~ the slight increase in cost, and I have no hesitation in strongly recommending that the offer of Mathuraprasad Surajprasad be accepted.

The technical side of the operations present no difficulty as we could easily post one of our experienced chemists to supervise the efficient staff that the Factory already maintains. Our chemist would be in charge of stocks and stores, and direct retail sales, and he would further be able to keep in constant touch with our customers, to watch and furnish intelligence about the fluctuations of the market, and in numberless other ways to safeguard our interests.

The liability to income tax is a factor we shall have to take into consideration. In assessing our income, we can claim allowance for the value of the sandal wood we employ in distillation.

K Rama Rao

el. Address :—"Sandal Bangalore".

S-0-7-44-32-1

SANDALWOOD OIL FACTORY

Bangalore, 2nd Septr:— 1932.

No. 1152

A. 843 A

FROM N. RAMA RAO ESQ., B.A., B.L.,
DIRECTOR, SANDALWOOD OIL FACTORY IN MYSORE,
BANGALORE.

DEVELOPMENT SECRETARY. 2. SEP. 1932

To

The Secretary to the Government of Mysore,
Development Department, Bangalore.

Sir,

14

I have the honour to enclose for submission to Government an extract of the proceedings of the Sandalwood Oil Board at its meeting held on the 23rd August, wherein it was resolved as follows:-

"Note on the distillation of Sandalwood in Kanauj.

A note prepared by the Director, marshalling the advantages and disadvantages of coming to an arrangement with Messrs. Mathura Prasad Suraj Prasad of Kanauj whereby their factory could be secured for a number of years for the exclusive distillation of Mysore Sandal wood, had been circulated beforehand. Further to this note, the Director stated that much harm had already been done to our business owing to Mr. Mathura Prasad's distillery having been pressed into service by Messrs. Gordhandas Tokersay in their attempt to undersell us in Kanauj. We had been compelled to reduce prices by over Re 1/- per lb. to meet this competition, and with all that we had lost business to the extent of at least 7000 pounds. If we did not attach this Factory to our own service, it would be a continual source of danger to us, since any speculator who happened to come in possession of wood might use the Factory for demoralising the Kanauj market which was the most important one in India.

Dr. Watson raised the question relating to income tax. After some discussion, it was resolved that the liability to income tax was not by itself important enough to affect the main issue raised by the Director, namely, the advisability of distillation at Kanauj. It was, however, thought that the question of income tax required further examination, and it was resolved that it might be referred to the Income Tax Commissioner for opinion: that officer being furnished with all relevant figures relating to cost of production of Sandalwood Oil.

The proposals in the note were discussed at great length and in the result it was resolved by a majority of 4 votes to 2 that arrangements might be fixed up under the most favourable terms possible for the distillation of Mysore Sandalwood at Kanauj - regard being had to the following essential conditions:-

(1) Term of contract - 3 years.
(2) The Sandal Oil Factory to have the exclusive use of the distillery at Kanauj, and the proprietor of the distillery to bind himself not to handle any other wood but ours.

X 3

(3) Supervision of distillation and the entire control of stocks, stores and sales to rest with the representative of the Sandalwood Oil Factory.

(The members in favour were the Chairman, Dr. Watson, the Development Secretary and the Director, Sandalwood Oil Factory. Those against:- The Financial Secretary and the Chief Conservator of Forests)."

The necessity for the arrangement is explained in my note which was placed before the Board as the basis of discussion and which is enclosed herewith for favour of reference.

I beg that orders of Government may be obtained authorising me to fix up the most favourable terms for the exclusive use of the distillery plant of Messrs. Mathura Prasad Suraj Prasad at Kanauj, subject to the essential conditions indicated in the resolution.

As I am proceeding to Cawnpore almost immediately on other duty, I could conveniently go to Kanauj which is only a few hours' journey from there, to complete negotiations, should Government authorise me to do so. The orders of Government might be communicated to me, C/o Post Master, Cawnpore.

I have the honour to be,
Sir,
Your most obedient servant,

N Ramana Rao

Director.

Submitted for orders.
D.547 1-9- (the main file was submitted recently)

5-9-32

I Qur & Tewari.

1). I do not think this can be settled so quickly. The Dir is returning to Bangalore on 15th inst.

11.9.32

1). The Dir. has since returned to Bangalore. Puts for orders.

11.9.32

19.20.9.32

May these papers be referred unofficially to the D of F for his remarks?

20/9/32

Dear Lee).

I think in another file orders have been passed putting off this matter till Madras Govt is known. Let me see.

21/9/32

Enclosure to Letter No.1152 dt 2-9-32 from the Dir- S.O.R. to Mr Dastur.

4

NOTE ON THE PROPOSAL TO DISTIL SANDALWOOD OIL AT KANAUJ.

I have referred in my previous notes to the existence of an efficient Sandal Oil distillery in Kanauj which has been utilised by messrs.Gordhandas Tokersey of Bombay for distilling oil with the Sandalwood purchased by them. This oil is being offered by them at prices much lower than ours, with the result that even our long standing customers have become demoralised and are showing reluctance to take the balance of quantities contracted for by them. The existence of this -- Factory is a standing menace to our business as it offers a base of operations to any rival who may wish to supplant us in the Kanauj market.

At the last meeting of the Sandal Oil Board, I explained the advisability of eliminating this danger by securing the Factory to our own service by a lease or other similar arrangement for a number of years. I was authoriesed to investigate the matter and submit the result for consideration.

By a fortunate accident, Mr.Mathuraprasad Surajprasad the Proprietor of the Kanauj Factory, happened to be in Bangalore on his way back from Cochin, and I took advantage of this circumstance to ascertain how far and on what terms we could enlist his cooperation. I started conversations with him on 30-7-32 and 3-8-32 very cautionsly and after ascertaining that he was not unwilling to come to an understanding with us, I sounded him definitely on the subject of his entering into a contract with us for distilling oil with wood to be supplied by us. He is, at present, distilling Sandalwood for messrs. Gordhandas Tokersey for a fee of Rs.350/- per ton and he also sells the resulting oil for them for a commission of Rs.40/- for the oil obtained from a ton. I told him that this was business of a very precarious nature and was sure to break up under pressur of our competition whereas a contract with us would undoubtedly have more permanency. After a good deal of

of close discussion, he agreed to make an offer for distilling Sandalwood for us for a fee of Rs.340/- per ton. I have given him clearly to understand that these discussions are entirely without commitment on my part, and that he is now making an offer which is entirely for Government to accept or reject.

The Kanauj Factory is capable of distilling 150 tons of Sandalwood per year. It is quite efficient and the Proprietor's son, One Mr.Murlidhar, is a very competent Manage with a flair for Chemical Engineering. I have no doubt that the distillation will be very efficiently done.

Taking the total quantity of Sandalwood Oil required for the Kanauj and surrounding markets at about 40,000 lbs, this factory is capable of contributing 18,000 lbs. or a little less than a half. I give below the financial effect of distilling this quantity of oil at Kanauj instead of sendin it out from the Mysore Factory:-

If sent from Mysore.

Cost of 120 lbs. of oil (yield from 1 ton of wood)

(a) Cost of distillation.	Rs.360	
(b) Cost of freight.	Rs. 25	
(c) Cost of packing etc.	Rs. 10	
	----	Rs.395.

If distilled at Kanauj.

Cost of 120 lbs. of oil (probable yield from a ton)

(a) Distillation fee.	Rs.340	
(b) Freight etc on one ton of wood.	Rs. 90	
	----	Rs.430

The oil if distilled at Kanauj would cost Rs.35/- more for 120 lbs. or 4.6 annas per lb., which would represent a financial disadvantage of Rs.5175 over the distillation of 18,000 lbs.

The advantages are:--

(1) A constant source of danger, which would grow in menace, with the growing competiton from Madras and Coorg wood, would be eliminated.

(2) If the Kanauj Factory was in our competitors'

hands, would almost certainly be compelled to lower heavily the prices over the whole quantity of about 40,000 lbs. required in Kanauj etc., and we would lose very much more than the execess of cost over 18,000 lbs. under the proposed arrangement. We would avoid this loss.

3. Our business would be much more popular in Kanauj than it is at present, and we would secure the adherenc of powerful local interests.

4. The Factory is just now a centre for adulteration, and we shall be putting an end to this nefarious practic

5. We would secure the entire retail trade and supply it direct from bulk without the added cost of packing and containers.

I think that the advantages vastly outweigh the slight increase in cost, and I have no hesitation in strongly recommending that the offer of Mathuraprasad Surajprasad be accepted.

The technical side of the operations present no difficulty as we could easily post one of our experienced chemists to supervise the efficient staff that the Factory already maintains. Our Chemist would be in charge of stocks and stores, and direct retail sales, and he would further be able to keep in constant tough with our customers, to watch an furnish intelligence about the fluctuations of the market, and in numberless other ways to safeguard our interests.

The liability to Incometax is a factor we shall have to take into consideration. In assessing our income, we can claim allowance for the value of the Sandalwood we employ in distillation.

" Copy."

M P Bhawani Shanker

for Directors

Ramdhanmal Oil Works

Tel. Address :—"Sandal Bangalore"

GOVERNMENT OF MYSORE

SANDALWOOD OIL FACTORY 7

Bangalore, 3rd Nov. 193

No. 1911/1

FROM N. RAJA RAO ESQ., B.A., B.L.,
~~RANGANATHARAJU SAHIB, ESQUIRE~~,
DIRECTOR, SANDALWOOD OIL FACTORY IN MYSORE,
BANGALORE.

DEVELOPMENT SECRETARY. 3. NOV. 1932

To Today. Reminder

The Secretary to Government of Mysore,
Development Department, Bangalore.

3.11.32

Sir,

D. 843 A.

I have the honour to invite kind reference to my letter No.1152 dated 2nd September 1932, and would request the favour of early orders on the subject. For the information of Government, I enclose herewith copy of letter dated 24th October 1932 from Messrs. Mathuraprasad Surajprasad & Co., reminding me of same.

I have the honour to be,

Sir,

Your most obedient servant,

N. Raja Rao

Director.

NVM

Copy of letter dated 24th October 1932 from Messrs. Mathura Prasad Suraj Prasad & Co., Calcutta, Kanauj ? to the Director, Sandalwood Oil Factory, Bangalore.

==========

I beg to express my gratitude for the very kind interview your honour gave me here on 12.9.32. During the interview, I have been given to understand that I may expect the order in form of reply from the Government within the first week of October. But sorry to let you know that I have not yet received any reply whatsoever from the Government regarding the matter in question. So I request your honour to arrange so that I may have the early order as my further business programme has been withheld in expectation of that order.

I have heard from Kanauj people that you are contemplating to open a Depot in the City of Kanauj. As to my best belief by opening a depot in Kanauj this would be much expensive as to house rent, municipal tax etc., and look-out of stores as well. For this I am just going to suggest you some means by which you may avoid all these establishment expenditures. In my Factory there are three empty rooms, so I would advise you to have your arrangements there, thus save an annual expenditure of about Rs. 2,000/-. Further I beg to be excused for this voluntary suggestion.

An early acknowledgment of this letter will be greatly appreciated.

==========

Tel. Address :—"Sandal Bangalore"

847
2888

G.O. No. 444-52-2

9

SANDALWOOD OIL FACTORY

843 A

Bangalore, 12th December 1932

No. 2450

2316

GEN. & REV. SECRETARIAT
14 DEC. 1932
DEVELOPMENT BRANCH

FROM

N. RAMA RAO ESQ., B.A., B.L.,

~~N. RAMA RAO SAHIB~~

DIRECTOR, SANDALWOOD OIL FACTORY IN MYSORE,

BANGALORE.

DEVELOPMENT SECRETARIAT
13. DEC. 1932

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Development Department, Bangalore.

Sir,

I have the honour to state that at the last meeting of the Sandalwood Oil Board held on Saturday the 3rd instant, I placed before the Board the question of Distillation in Kanauj for opinion and advise in view of the failure of negotiations carried on by the Chief Conservator of Forests in pursuance of the resolution passed by the Board at the previous meeting. I note below the resolution passed at this meeting.

> "The Board resolved that in view of the falure of negotiations with Madras it was necessary that the previous resolution of the Sandalwood Oil Board should be implemented without delay."

I have since received a letter from Mr.Mathuraprasad the owner of the distillery in Kanauj that he would be in Bangalore about the 19th instant ~~and~~ in connection with his business; and as it would be convenient if the question is decided before then, I beg that early orders of Government may be passed on this question.

I have the honour to be,

S i R,

Your most obedient servant,

N. Rama Rao

DIRECTOR.

mvm

S. O. F. Cele-32-3

42-320

10

2474
19.12.32

To

The Director,
Sandalwood Oil Factory,
Bangalore.

Dear Sir,

I have to proceed urgently to Calcutta to reach there by the 25th in connection with my Ghee business. It is already 5 months since I offered my terms for the distillation of Sandalwood in Kanauj and no final orders have so far been communicated. I shall be much obliged if you will kindly arrange to communicate your final orders within 8 days from this date, after which I will be free to withdraw the conditions of agreement now offered.

Yours faithfully,

Room no - 2.
Thotasappa's Choultry.
Bangalore city.

19.12.1932.

Dear Sir with complts
I will be obliged by enquiries

19 12

Send Telegram to the Bombay for orders Urgt. 19.12.32

This was handed over by the party personally in the office
19/12

D 2858

To

The Director,
Sandal Oil Factories,
Bangalore.

14 -

Sir,

S07 44-32-4

With reference to your letter No. 1152 dated 2nd September 1932, communicating the resolution of the Sandal Oil Board dated 23rd August 1932 on your Note on the distillation of sandalwood in ~~the~~ Kanauj, and subsequent letter No.2450 dated 12th December 1932 forwarding copy of the further resolution of the Board as per margin, passed ~~by the Board~~ at its meeting on 3rd December 1932, I am directed to state that Government approve of your proposal for entering into an arrangement with Messrs. Mathuraprasad & Suraj Prasad of Kanauj for the exclusive distillation of Mysore sandalwood ~~at~~ in their distillation plant at Kanauj. I am accordingly directed to authorise your opening negotiations with Messrs. Mathuraprasad and to fix up the most favourable terms subject to which they might be entrusted with the distillation business, and report the result for the final sanction of Govt.

"The Board resolved that in view of the failure of negotiations with Madras, it was necessary that the previous resolution of the S.O. Board should be implemented without delay"

22/12/32

I have etc.,

20.12.32 Govt. 20.12.32

Dev. Secy. to Go

20/12/32

15

D. 2858 22/12/32

The @@@@@

Development Department.

The Director of Sandalwood Oil Factories in Mysore.

With reference to your letter No.1152 dated 2nd September 1932, communicating the resolution of the Sandal Oil Board dated 23rd August 1932 on your Note on the distillation of sandalwood @@@ in Kanauj, and subsequent letter No.2450 dated 12th December 1932 forwarding copy of the further resolution of the Board as per margin

'The Board resolved that in view of the failure of negotiation with Madras, it was necessary that the previous resolution of the S.O.Board should be implemented without delay'

passed at its meeting on 3rd Decembe 1932, I am directed to state that Government approve of your proposal for entering into an arrangement with Messrs.Mathuraprasad Suraj Pras of Kanauj for the exclusive distillation of Mysore sandalwood in thei distillation plant at Kanauj. I am accordingly directed to authorise your opening negotiations with Messrs. Mathuraprasad and to fix up th most favourable terms subject to which they might be entrusted with the distillation business, and report the result for the final sancti of Government.

I have the honour to be,

Sir,

Your most obedient servant,

22-12-32

for Secretary to Government,

Development Department.

Tel. Address :—"Sandal Bangalore"

P.O.F. 44-32-5

16

SANDALWOOD OIL FACTORY

Bangalore, 5th January 193 7

No. 2660

From N. RAMA RAO ESQ., B.A., B.L.,
~~RANGANATHARAMASAHEB, ESQ., B.A.,~~
DIRECTOR, SANDALWOOD OIL FACTORY IN MYSORE,
BANGALORE.

DEVELOPMENT DEPT. 7 JAN

To The Secretary to the Government of Mysore,
Development Department, Bangalore.

Sir,

With reference to your letter No.D. 2858/S.O.F. 44-32-4 dated 22nd December 1932, authorising me to open negotiations with Messrs. Mathuraprasad Surajprasad, Kanauj, and to fix up the most favourable terms, I have the honour to forward herewith in original letter dated 25/12/32 received from him showing the terms on which he has agreed to the distillation of Sandalwood in his distillery at Kanauj.

This letter contains terms ~~everyone~~ of which every one was discussed by me with him in great detail and they are absolutely the most favourabl that could be obtained. I also consider them ~~good~~ quite reasonable. I may add that I consulted the 2nd Member of Council about these terms, and with his approval I informed Mr. Suraj Prasad Dubey that he might take it that they would be accepted. This assurance was necessary as Mr. Suraj Prasad had tempting offers from other sources and was anxious that he should know exactly how he stood. My belief is that he was more than half inclined to go back on the arrangement to which he had already informally agreed, and it was necessary to clinch the bargain.

As the Rose Flower Season is fast approaching, distillation operations will have to be commenced without delay, and he therefore stipulated that the contract should run from the 1st February 1933.

17

For giving effect to the agreement on our behalf at the Kanauj end, I propose to appoint Mr. S. Alavandar Naidu, Chemist, who is at present at Kanauj on deputation. He is well qualified for being put in charge of this work because he has not only considerable experience of distillation and business, but has also had abundant opportunities of acquainting himself first hand with people and business conditions relating to Sandalwood Oil in Northern India. His duties in connection with this arrangement will be

(1) To receive stocks of Sandalwood sent to Kanauj for distillation.

(2) To supervise methods of distillation so as to produce a grade of oil of the standard required by us and to test the oil before taking it in bulk.

(3) To take into his possession and to safeguard stocks both of Sandalwood and Sandalwood Oil belonging to Government.

(4) To deliver oil from bulk to Kanauj customers, in pursuance of sales effected by the Agent.

(5) To keep in touch with the local market and with important customers and bring to the notice of the Director of Sandal Oil Factories any reasonable representations they may have to make.

He will, of course, have to keep a journal of work and to maintain stock accounts. He would also have to be given an imprest sufficient for clearing consignments from the railway station and transporting them to the factory; and for this he will have to maintain accounts. An indirect result of having our own officer in Kanauj would be to strengthen our hold in the Kanauj market and to discourage such malpractices as adulteration of oil, counterfeiting labels, and so on, which seem to be unfortunately common in that place. His presence will have a wholesome effect on the agent's work also since that gentleman will feel that the eyes of the Sandalwood Oil Factory are on him.

The above duties are of an onerous nature and cast on Mr.

16

Alavandar Naidu responsibilities far higher than those which ordinarily fall to the lot of a chemist; and the work also necessitates his residence in a far off and uncomfortable place where living is very expensive. I therefore think that it is necessary to sanction a special allowance. Mr. Alavandar's pay in the Sandalwood Oil Factory is Rs 150/- and I propose that he may be sanctioned a duty allowance of Rs ~~100~~ 100/- (One Hundred) only.

I beg to propose the following additional expenditure for the Kanauj office.

Office rent	Rs 20/-	per month.*
One peon	Rs 12/-	"
Office contingencies	Rs 5/-	
Transport charges for 150 tons of wood	Rs 300/-	for which an imprest of Rs 100/- may be placed with him.

I beg to request that early orders of Government may kindly be obtained sanctioning:

(1) The acceptance of the terms for distillation of our wood in the factory of Messrs. Mathuraprasad Surajprasad at Kanauj.

(2) The appointment of Mr. Alavandar Naidu for the purpose of carrying out the arrangement on our behalf at Kanauj. The appointment may be for one year in the first instance.

(3) The expenditure involved.

After sanction is received, I shall submit to Government ~~the~~ a form of agreement which I propose to obtain from Messrs. Mathuraprasad Surajprasad.

I have the honour to be,

Sir,

Your most obedient servant,

K Ramachandra Rao

Director.

* The agent has undertaken to provide free accommodation for the Laboratory assistant & M.

Rec'd 25-12-32

To

The Director of Sandalwood Oil Factory

in Mysore, Bangalore.

Dear Sir,

In continuation of my letter to youx offering to distill sandalwood for you in my Distillery plant in Kanauj on certain terms, I beg to make the following firm offer and request you to pass early orders on the same.

I beg to distill Mysore Government sandalwood in my Distillery from the 1st. February 1933 for a period of 3 years subject to the following conditions:-

I shall undertake not to distill sandalwood on behalf of any other person or persons or interests whatever except the Mysore Government during the pendency of this contract.

My Distillery is capable of dealing with 150 tons of sandalwood per year, and I request that this capacity shall be utilized to the fullest extent possible by the Mysore Government, and I shall be responsible for distilling this quantity.

For every ton of sandalwood satisfactorily distilled by me, I request that a fixed fee of Rs.340/- ~~x~~ inclusive of all charges such as fuel, water, supervision, labour, transport within the factory itself etc., may be paid to me. The sandalwood shall be delivered to me for distillation on the premises in my factory and I shall provide for sufficient protected space for the stock of sandalwood consigned by Government. I shall also render assistance for the transport of sandalwood from the station to the premises, but the cost of transport must be borne by Government.

Rs.340/- was paid for 1932 and Rs.320/- for 1933 vide letter No. Nil, dated Nil.

I undertake to conduct the distillation under the control and in obedience to the instructions of the Chemist whom you might depute for the supervision of the processes, and I also undertake that the oil delivered by me shall conform to the laboratory tests prescribed

prescribed by your Department. I shall also deliver all stores and stocks pertaining to sandalwood oil connected with this agreement to the custody of the Chemist or other officer deputed by Government. I shall provide free of rent accommodation for laboratory equipment, stores and stocks of sandalwood, and shall provide conveniences for the conduct of business by your assistant on my premises.

After these terms are sanctioned, I shall execute a formal agreement in due form confirming this contract, and I also undertake not to interest myself in any sandal oil business which may be inimical to the interests of the Mysore Government.

Yours faithfully,

E. Denham Hayes

Camp Bangalore,
Dated the 25th December 1932.

TELEGRAMS: "SANDAL," BANGALORE

MR. N. RAMA RAO, B.A., B.L.
DIRECTOR OF SANDALWOOD OIL FACTORY IN MYSORE

GOVERNMENT OF MYSORE

21

Bangalore, dated the 24th January 1933.

D.O. No. 2942

DEVELOPMENT SECT.
24 JAN

Dear Mr. Wajid,

I beg to confirm the 'phone message I sent you to the effect that Mr. Mathura Prasad of the Kanauj distillery is here for the purpose of executing the agreement required of him. I enclose herewith for approval of Government the form of agreement into which I propose to enter with him.

I am leaving for Mysore almost immediately. If the form is sent back approved, I shall arrange to obtain an agreement from the party. I would be obliged by early orders as the Flower Season in Kanauj is approaching and it is necessary to start distillation without avoidable delay.

Yours sincerely,

N Rama Rao

S. Abdul Wajid Esq., B.A.,
Secretary to Government,
Development Department.

Issue draft letter in the usual terms as in similar cases. 27.1.33

Subs. In para 2 of Fo. 8 23.1.33 (Communicated thro' the Resident Mys) the Distillers have been asked to obtain a formal agreement from the firm in consultation with the Govt. advocate. The agreement from the firm in consultation with the Govt. advocate. The draft now received from the Distillers embodying all the conditions mentioned in the Fo. of 23.1.33. Submitted the draft now returned by the Distillers for submission in accordance with the instructions contained in the Fo. to the Govt. advocate.

Development 27.1.33

7 copies

24

Proceedings of the Government of
H.H. the Maharaja of Mysore.

R e a d:--

Correspondence ending with letter No. 2660 dated 5/7th January 1933 from the Director of Sandal Oil Factory, reporting on the results of the negotiations with Messrs. Mathuraprasad Surajprasad of Kanauj, for the distillation of Mysore Government sandalwood in their factory at Kanauj.

Order No. A 3497-8/Fo. 744-32-6
S-07 44-32-6

Dated, Bangalore, 28/1/33

The Director, Sandal Oil Factory has reported that as a result of the negotiation with Messrs. Mathuraprasad Surajprasad of Kanauj the firm have agreed to undertake the distillation of Mysore Government sandalwood exclusively in their Factory at Kanauj, subject to the following conditions:--

(1) That distillation will be carried on to the fullest capacity of their factory viz., 150 tons of wood per year;

(2) That they are to be paid a fixed fee of Rs.340/- per ton of sandalwood distilled, inclusive of all charges such as fuel, water, supervision, labour, transport within the factory itself etc;

(3) That the work of distillation is carried on under the control and guidance of the chemist appointed by the Sandal Oil Factory to supervise the work;

(4) That sandalwood is delivered at the cost of Government on the premises of the factory;

(5) That all stocks and stores pertaining to sandal oil connected with this arrangement will be delivered to the chemist or any other officer deputed by Government for the purpose;

(6) That the firm will provide, free of rent, accommodation for laboratory equipment, stores and stocks of sandalwood, and other facilities on their premises for the conduct of business by the chemist;

(7) That the above arrangement will be in force for a period of three years from 1st February 1933.

2. Government are pleased to accept the above terms and to direct that an agreement in proper form, incorporating the above conditions, be obtained from the firm, in consultation with the Government Advocate.

3. Government are also pleased to sanction the Director's proposal in regard to the posting of Mr. S.Alavandar Naidu, Chemist, for one year in the first instance, to be in charge of the work at the Kanauj factory. His duties will be:--

(1) To receive stocks of sandalwood sent to Kanauj for distillation;

(2) To supervise the methods of distillation so as to produce a grade of oil of the standard required by the Department and to test the oil before taking it in bulk;

(3) To take into his possession and to safeguard stocks both of sandalwood and oil belonging to Government;

(4) To deliver oil from bulk to Kanauj -- customers in pursuance of sales effected by the Agent;

(5) To keep in touch with the local market and with important customers and bring to the notice of the Director of Sandal Oil Factory any reasonable representations they may have to make;

(6) To maintain stock and other accounts under instructions of the Director of Sandal Oil Factory and to keep a journal of work done by him.

4. During his employment at Kanauj a duty allowance of Rs.100/- per mensem is sanctioned to Mr. Alavandar Naidu.

5. The following expenditure on the office at Kanauj is also sanctioned:--

(1) Office rent ... Rs.20/- per month
(2) P e o n ... Rs.12/- -do-
(3) Contingencies ... Rs. 5/- -do-
(4) Transport charges for 150 tons of sandalwood of which an impress of Rs.100/- will be placed with Mr. Alavandar Naidu ... Rs.300/-.

20.1.33
Secy. to Govt.,
Dev. Depts.

To
The Director, S.O.F.,
Comptroller to Govt. thro' Finl.

[illegible]OCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

21.

Read :—

Correspondence ending with letter [illegible] dated [illegible] January 19[illegible] from the Director of Sandal Oil Factory, reporting the results of the negotiations with [illegible] of [illegible], for the distillation of grass [illegible] in their factory at [illegible].

Order No. D 8467-8 / [illegible] 44-32-6, dated [illegible]

The Director, Sandal Oil Factory has reported that, as a result of his negotiations with Messrs. [illegible] of [illegible], the firm have agreed to undertake the distillation of [illegible] grass [illegible] exclusively in their factory [illegible] subject to the following conditions:-

1) That distillation will be carried on to the full capacity of their factory viz., [illegible] of grass per year;

2) That they are to be paid a flat rate of Rs.540/- per ton of [illegible] including all charges such as [illegible] labour, [illegible]

3) That the cost of distillation [illegible] the control and [illegible] of the [illegible] appointed by the [illegible] in the works;

4) That [illegible]

5) [illegible] stocks [illegible] stores [illegible] connected with [illegible] will be [illegible] to the [illegible] Government for the [illegible]

6) That the firm will provide [illegible] for laboratory [illegible] of [illegible]

7) That the above arrangement [illegible] period of [illegible] years from [illegible]

2. Government are [illegible] pleased to accept [illegible]

28

to direct that an agreement in proper form, embodying the above conditions be obtained from the firm, in consultation with the Government Advocate.

5. Government are also pleased to sanction the interest proposed in regard to the posting of Mr. Alexander also, to act for one year in the first instance to be in charge of the work at the Mangalore factory. His duties will be:-

1) to receive stocks of sandalwood sent to Mangalore for distillation;

2) To supervise the method of distillation so as to produce a grade of oil of the standard required by the agreement and to test the oil before taking it in bulk;

3) To take into his possession and to safe guard stocks both of sandalwood and oil belonging to Government;

4) to deliver oil from bulk to Mangalore customers in pursuance of sales effected by the firm;

5) To keep in touch with the local markets and to submit such reports relating to the prices of the various oils as may from time to time be required;

6) To point out to Government any defects in working of the terms of the agreement and to submit a monthly journal of work done.

6. During his employment at Mangalore he will receive an allowance of Rs 100/- per mensem in addition to Mr. Alexander's salary.

7. The following expenditure on the office at Mangalore is sanctioned:-

1) Office rent	...	Rs 20/- per month
2) Peon	...	" 12/- "
3) Contingencies	...	" 8/- "
4) Transport charges for 150 tons of sandalwood for which an impost of Rs 100/- will be placed with Mr. Alexander also	...	"300/-

M. Ramachandra

for Secretary to Government
Industrial Department.

To

The Director of Sandal Oil Factory in Mysore.
" Comptroller to Government through Treasury Officer.

...-7

D.O. 231

A 3584

27/11/33

Dear Sir,

With reference to your D.O.letter No.2942 dated 24th instant forwarding a copy of the draft agreement proposed to be obtained from Messrs. Madura Prasad of the Kanauj Factory, I am desired to invite a reference to G.O. No. D 3447-8 S. F 44-32-6 dated 23rd instant sanctioning your proposals in -- regard to the distillation of Mysore Sandal wood at the Kanauj Distillery and particularly to para 2 thereof requesting you to -- obtain an agreement in proper form embodying the conditions mentioned in the G.O. in consultation with the Government Advocate I am accordingly returning herewith the draft agreement for favour of necessary further action.

27/11/33

Yours sincerely,

27.11.33

N. Rama Rao, Esq., B.A., B.L.,
Director, Sandal Oil Factory,
Bangalore.

27/11/33

U R G E N T .

D 35-14/S 27th January xx 1933.

Dear Sir,

With reference to your D. O. letter No.2942 dated 24th instant forwarding a copy of the draft agreement proposed to be obtained from Messrs. Mathura Prasad of the Kanauj Factory, I am desired to invite a reference to Government Order No.D.3447-8/S.O.F.44-38-6 dated 23rd instant sanctioning your proposals in regard to the distillation of Mysore Sandal wood at the Kanauj Distillery and particularly to para 2 thereof requesting you to obtain an agreement in proper form embodying the conditions mentioned in the Government Order in consultation with the Government Advocate. I am accordingly to return herewith the draft agreement for favour of necessary further action.

Yours sincerely,

27.1.33

To

N. RAMA RAO Esq., B.A., B.L.,

Director, Sandal Oil Factory, Bangalore.

[Appendix F G—1]

29

SUBJECT .....

.....

.....

Section S.O.7

File No. 44-32

Serial No. 7

Diary No. of letter replied to .....

No. D 4009

To

The Dir of S.O.7.

Sir,

Adverting to the correspondence ~~Reference~~ ~~to~~ G.O. no D. 3447-8/S.O.7.44-32-6 dt 23.1.33 sanctioning ~~the~~ arrangement for the distillation of S.W. oil by the factory at Kanauj, I am directed to request you to be so good as to state whether the arrangement would amount to sales by the factory at Kanauj, and whether the question of income tax payable to the Govt. of India will arise; and, if it does, how ~~whether~~ the matter has been considered. An early reply is requested.

I am
Sir
Your
Obt Servt

13-2-33

Dep Secy

General and Revenue Secretariat

( )

the 193 .

Date of issue 14/2/33

Signed by [illegible]

List of enclosures .....

Copied by [illegible] this aspect

Examined by [illegible] 15/2/33

WD 71—GBPM—40,000—20-7-31.

30

17th February 1933.

D 4209

S.O.F. 44-32-7

The

The Director of Sandalwood Oil Factory in Mysore,
Bangalore.

Adverting to Government order No.D.3447-8/ S.O.F.44-32-6 dated 23rd January 1933 sanctioning arrangements for the distillation of Sandalwood oil by the Factory at Kanauj, I am directed to request you to be so good as to state whether the arrangement would amount to sales by the Factory at Kanauj, and whether the question of incometax if any, payable to the Government of India will arise, and, if it does, how this aspect of the matter has been considered. An early reply is requested.

I have the honour to be,
Sir,
Your most obedient servant,

17.2.33

For Secretary to Government,
Development Department.

mk.2

Tel. Ad. "Sandal Bangalore"

SANDALWOOD OIL FACTORY

Bangalore, 2nd March 1933.

No. 3584

3390 (31)

FROM N. RAMA RAO ESQ., B.A., B.L.,
~~CKRANGANATHA RAO SAHIB Esq B.A.B.L.~~
DIRECTOR, SANDALWOOD OIL FACTORY IN MYSORE,
BANGALORE.

DEVELOPMENT SECRETARIAT 4. MAR. 1933

To
The Secretary to the Government of Mysore,
Development Department, Bangalore.

Sir,

With reference to your letter No.D.4009/S.O.F.44.32.7 dated 21st February 1933, I have the honour to state that I have addressed the Commissioner of Income Tax to-day, requesting him for his opinion whether ~~under~~ the present arrangement with Messrs. Mathura Prasad Suraj Prasad for the distillation of our wood at Kanauj, would render the Mysore Government liable to pay income tax to the Government of India. The sales effected in Kanauj would always be on rates fixed by me at this end in virtue of a general authority, but they are really concluded at Kanauj. However, I would request you to obtain the opinion of the Government Advocate on this question. On hearing from the Income Tax Commissioner, I shall revert to this subject again.

I have the honour to be,

Sir,

Your most obedient servant,

N. Rama Rao

Director.